



# County of Los Angeles

## CHIEF ADMINISTRATIVE OFFICE

713 KENNETH HAHN HALL OF ADMINISTRATION • LOS ANGELES, CALIFORNIA 90012  
(213) 974-1101  
<http://cao.co.la.ca.us>

DAVID E. JANSSEN  
Chief Administrative Officer

June 20, 2005

The Honorable Board of Supervisors  
County of Los Angeles  
383 Kenneth Hahn Hall of Administration  
500 West Temple Street  
Los Angeles, CA 90012

Dear Supervisors:

Board of Supervisors  
GLORIA MOLINA  
First District

YVONNE B. BURKE  
Second District

ZEV YAROSLAVSKY  
Third District

DON KNABE  
Fourth District

MICHAEL D. ANTONOVICH  
Fifth District

### **PREPAYMENT OF OUTSTANDING MARINA DEL REY CERTIFICATES OF PARTICIPATION SERIES B AND C (ALL DISTRICTS – 4 VOTES)**

#### **IT IS RECOMMENDED THAT YOUR BOARD:**

- 1) Approve a prepayment of principal and accrued interest in the amount of \$16.2 million of all outstanding Marina del Rey Certificates of Participation Series B and C, as permitted under the Trust Agreement.
- 2) Instruct the Chief Administrative Office (CAO) to coordinate with the Treasurer-Tax Collector (TTC) and Auditor-Controller (A-C) to provide the prepayment funds for payment to the certificate holders, and authorize CAO, TTC and A-C to take any actions necessary to make the payment.
- 3) Approve an appropriation adjustment to increase appropriation in Nondepartmental Special Accounts to reflect additional interest revenue of \$16.2 million that will be used to finance the prepayment of the Marina del Rey Certificates of Participation Series B and C.

#### **PURPOSE/JUSTIFICATION**

Approval of the recommended actions will allow the prepayment on the next available prepayment date, August 1, 2005, of the \$4.2 million outstanding principal balance on the Marina del Rey Certificates of Participation, Series B (Series B COPs) and the \$11.9 million outstanding principal balance on the Marina del Rey Certificates of Participation, Series C (Series C COPs). When combining the total outstanding principal of \$16.1 million with the net \$0.1 million in interest payments due August 1, 2005, the combined prepayment amount is \$16.2 million.

The prepayment of the remaining two years of debt service will result in a projected annual budget savings on the variable rate debt of \$5.9 million beginning in 2005-06. The prepayment of the obligation can be made without premium.

## **Background**

In 1993, the County sold the Series B COPs in the principal amount of \$25,926,162 to the Los Angeles County Investment Fund (LACIF), a newly created investment option available on a one-time basis to participants in the County's Deferred Compensation and Thrift Plan (Horizons). The County sold Series C COPs in the principal amount of \$28,780,000 to the County Treasury Pool. Both Series B and Series C COPs were issued pursuant to a Purchase Financing and Assignment Agreement dated as of May 1, 1993.

On May 31, 2005, your Board approved the prepayment of all \$25.7 million outstanding Marina del Rey Certificates on Participation Series A on the next available prepayment date, July 1, 2005. Following the recommended prepayment of the remaining Series B COPs and Series C COPs, all of the three series of Marina del Rey Certificates of Participation will be fully paid off.

## **FISCAL IMPACT / FINANCING**

The recognition of the additional \$16.2 million in interest revenue offsets the appropriation in the same amount to make the prepayment on the Series B COPs and Series C COPs. The prepayment of the final two years of debt service will result in an estimated annual budget savings of \$5.9 million beginning in 2005-06.

Together, the prepayment of Series A, B and C will result in a combined annual savings of \$20.7 million.

## **IMPACT ON CURRENT SERVICES**

The recommended action will have no affect on current services provided by the County.

## **CONCLUSION**

Upon approval of the recommendations, please forward an adopted, stamped copy of the Board letter and an executed copy of the Board letter to the Chief Administrative Office and one conformed copy to the Auditor-Controller and Treasurer-Tax Collector.

Respectfully submitted,



DAVID E. JANSSEN  
Chief Administrative Officer

DEJ:JSE  
DJT:PB

Attachment

c:     Executive Office, Board of Supervisors  
       County Counsel  
       Auditor-Controller  
       Treasurer and Tax Collector  
       Beaches and Harbors

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BOARD OF  
SUPERVISORS  
OFFICIAL COPY

COUNTY OF LOS ANGELES  
REQUEST FOR APPROPRIATION ADJUSTMENT  
DEPARTMENT OF **Chief Administrative Office**

DEPT'S.  
No. 060  
JUNE 6, 2005

AUDITOR-CONTROLLER.

THE FOLLOWING APPROPRIATION ADJUSTMENT IS DEEMED NECESSARY BY THIS DEPARTMENT. WILL YOU PLEASE REPORT AS TO ACCOUNTING AND AVAILABLE BALANCES AND FORWARD TO THE CHIEF ADMINISTRATIVE OFFICER FOR HIS RECOMMENDATION OR ACTION.

ADJUSTMENT REQUESTED AND REASONS THEREFOR

**FY 2004-05**  
**4 - VOTES**

**SOURCES**

NONDEPARTMENTAL SPECIAL ACCOUNTS  
Deposited Funds - Interest  
A01-BS-13690-8605  
\$16,200,000

**USES**

NONDEPARTMENTAL SPECIAL ACCOUNTS  
Other Charges  
A01-BS-13690-5500  
\$16,200,000

**JUSTIFICATION**

Approve an appropriation adjustment to increase appropriation in Nondepartmental Special Accounts to reflect additional interest revenue of \$16.2 million that will be used to finance the prepayment to the trustee to extinguish the Certificates of Participation Marina del Rey Series B and C debt service.

*S. Kikkawa*  
\_\_\_\_\_  
Sid Kikkawa, Division Chief

CHIEF ADMINISTRATIVE OFFICER'S REPORT

REFERRED TO THE CHIEF  
ADMINISTRATIVE OFFICER FOR - ✓ ACTION  
RECOMMENDATION

AUDITOR-CONTROLLER BY *Wah Tung*  
NO. **373** **JUNE 9** 20 **05**

APPROVED AS REQUESTED AS REVISED  
*June 13, 2005* *20* *Gene Salento*  
CHIEF ADMINISTRATIVE OFFICER

APPROVED (AS REVISED):  
BOARD OF SUPERVISORS *20*

BY \_\_\_\_\_  
DEPUTY COUNTY CLERK

SEND 6 COPIES TO THE AUDITOR-CONTROLLER